

Chapter 2

Authoritarian Neoliberalism and the Disciplining of Labour

Mònica Clua-Losada and Olatz Ribera-Almandoz

The rise of authoritarian forms of neoliberalism is now well documented in the political economy literature even though the focus has been on various reforms that remove key decision-making arenas from democratic control.¹ As Ian Bruff (2014) skilfully highlights, this is not a new process but rather the continuation of a key characteristic of neoliberal governance. While recognizing the return of authoritarian forms to European states is crucial for understanding the current crisis management strategies of states and capital, we still need a deeper understanding of the concrete forms in which this authoritarian turn is being developed, deepened, and, more importantly, challenged and contested. In this chapter, we explore the ways in which authoritarian neoliberalism finds expression in and against labour and how labour's agency shapes, contests and subverts such strategies.

It has become clear that the last 40 years of neoliberal rule have brought about an international lowering of wage shares (see Bengtsson and Ryner 2015), leading to a rise in the amount of workers who, even after receiving a salary, cannot be lifted above the poverty line (Pradella 2015). This has been reinforced by a direct attack on corporatist structures and what some have already heralded as the crisis of 'working class politics' (Panitch 1986). These deep processes of change mean that there has been an increasing 'domination of the executive arm of the state over the legislature ... the objective "decline of Parliament" within the state system' (Panitch 1986: 229). This process of blinding the democratic decision-making arenas needs to be considered in relation to specific historical formations. The case used in this chapter, Spain, provides a fascinating example as it never truly developed a democratic welfare state (Navarro 2006). Furthermore, by focusing on the disciplining power of authoritarian neoliberalism on labour, we can understand how authoritarian neoliberalism has a deepening impact on what Poulantzas (1978) termed the

isolation effect. Here, we understand the isolation effect as the atomization of the social body through ‘the constitution of the legal-individual citizen’ (Hall 1980: 62). Authoritarian neoliberalism deepens the isolation effect in labour relations by further individualizing labour laws and weakening collective bargaining processes and institutions—a development that has been well documented in other cases of the European South.² A key characteristic of this isolation effect on labour has been the clear erosion of collective bargaining systems and labour legislation. As this chapter will show, this is a broad trend that encompasses not just legislative and regulatory changes but also the atomization of employment contractual relations. For instance, in the case of Telefónica, which we use as a paradigmatic example of these trends, there has been a division of tasks among a myriad of small companies as well as a company-level change, where previously employed workers have now been forced to become self-employed.

Labour in this chapter is utilized in a broad historical materialist sense.³ We understand labour as both a social relation and the driver of class struggle. Within the context of this chapter, the disciplining of labour is considered to be occurring simultaneously in the arenas of production and reproduction. In other words, the disciplinary strategies devised against labour encompass both the curtailment of labour rights and the reduction in social rights. Therefore, we will consider the type of general disciplining of labour (the structural disciplining) as well as the organizational disciplining of labour (expressed in the attacks on the collective organizations of the working class, trade unions).

To fulfil this objective, the chapter develops two key sections. We first discuss the general disciplining of labour under authoritarian neoliberalism with reference to the Spanish context. Here, we trace three vital ways in which this process is being carried out: (1) the constitutionalization of previously democratic arenas, which has been extensively highlighted by the literature (e.g. Sandbeck and Schneider 2014 and Obendorfer 2015); (2) the growing judicialization of politics, with the use of the Constitutional Court as an additional parliamentary upper chamber primarily focused on recentralizing Spanish politics; (3) the elimination of parliamentary debates with the excessive use of royal decrees as a tool for creating new legislation. As we will show, this trend has been particularly acute in relation to both labour legislation and bills related to the imposition of austerity measures on welfare state services.

We then focus on a specific case study, which we maintain should help us disentangle the specific and concrete ways in which these processes are played out and, crucially, contested, resisted and subverted. We have chosen Telefónica (now Movistar) as it has been, historically, one of the largest employers in Spain. Telefónica was the state-owned telecommunications company that has consistently been one of the most profitable public companies in Spain.

It was a company that had been closely linked with the political economy of Spain. It underwent the longest privatization process in Spain—Franco had already started the sale of shares before his death—finally being privatized by the first Aznar government (People's Party, 1996–2000) by royal decree. It has been key to the, often failed, internationalization efforts of the Spanish economy to become a key global telecommunications player (e.g. it owned O2 in the United Kingdom until 2015). Currently, having changed its name to Movistar (the affiliate company dedicated to mobile technologies), it is at the forefront of developing new mobile technologies and hosts the annual Mobile World Congress in Barcelona, the largest event of its kind in the world.

It is in this last part of the chapter that we return to the key issues of contestation, resistance and subversion, which are often left out of discussions on authoritarian neoliberalism. The authoritarian attack is so overwhelming that we can be forgiven when we forget the types of contestation, subversion and resistance that occur from below. Yet, the case of Telefónica/Movistar, which in 2015 had one of its longest (and most economically damaging) workers' strike in their history, shows us that although the disciplining is fierce, the enduring class struggles prevent capital from fully subduing our human dignity.

UNDERSTANDING THE RISE OF AUTHORITARIAN NEOLIBERALISM IN SPAIN

We propose that to understand the rise of authoritarian neoliberalism in Spain, we need to conceptualize it as both an external and an internal process. Unlike other state contexts with stronger liberal-democratic traditions, the Spanish case presents a challenge to understanding the relationship between representative democracy, neoliberalism and authoritarianism that goes beyond the scope of this chapter. However, we can point out that in cases where transitions to democracy have not represented a break with the authoritarian structures of the state, as has been the case in Spain, neoliberalism has developed in a context of arrested democracy. Let us briefly expand on this. While representative democracy in Spain brought about the rolling out of political rights after 1978, it did little to entrench civil rights into Spanish political life and culture.⁴ In fact, it was not until the Socialist Workers' Party (PSOE) government of 2004–2008 under the leadership of José Luis Rodríguez Zapatero that any attempt was made to redress this situation. The attempt was short lived and the economic crisis became a convenient excuse to hinder the advance of civil rights in Spain. Furthermore, the election of a People's Party (PP) government at the end of 2011, under strong Catholic influences, halted such efforts with an attempt to return to a not-so-distant past.

The key fields subjected to external pressures for reform—as identified by the IMF in their 2010 staff report, the first to highlight the dangerous extent of the crisis in Spain—were pension funds, the labour market and banking. As we will explore in this chapter, the choice of these policy areas is not a fortuitous coincidence. Rather, it represents the areas where the state has been unable to implement liberalization even after many years of continuous attempts to do so and despite the fact that these attempts were accentuated by the process of European integration (Clua-Losada 2015). In essence, the crisis has acted as the necessary catalyst to create a situation of impending reform. Furthermore, such a reform would have only ever been possible in a situation of weakened trade unions and a weakened institutional Left. The reason behind this is the fact that the 1978 elite pact, which secured the Spanish transition to democracy, had managed to neutralize leftist opposition by institutionalizing key Left parties and trade unions, while simultaneously depoliticizing civil society.

In this chapter, we are focusing on the internal forms of authoritarian neoliberalism and how they relate to labour. As Bruff (2014: 115) has argued, authoritarian neoliberalism can ultimately be observed in the processes that insulate policies and institutions from dissent. In the Spanish context, such tendencies can best be observed not just by focusing on authoritarian neoliberalism as an externally imposed practice but rather as a process often driven by internal developments and struggles. As is widely acknowledged, there is clear asymmetry in EU regulation in relation to how labour and welfare matters have been largely left to the mercy of member states and their internal political processes (Taylor-Gooby 2008). As many before us have pointed out (e.g. Grahl and Teague 2013), monetary union left member states with only one tool of macroeconomic management, that is, internal devaluation, the process whereby macroeconomic competitiveness is achieved by reducing wages (whether directly or indirectly) and a reduction of public expenditure.⁵ By removing other monetary policy choices from member states, popular demands have been effectively isolated from previously democratic arenas of decision-making. If governments can no longer offer certain policy alternatives, the state is essentially divorced from popular demands. While this is not a new process, the current crisis has expanded the reach of issues that can be removed from the political arena.

There are three key internal forms of authoritarian neoliberalism in Spain which have become accentuated since 2010. First is the introduction of Article 135 into the 1978 Spanish Constitution by the PSOE, with the approval of the conservative PP. Article 135 transposes the deployment of structural deficit caps from the 2011 Fiscal Pact.⁶ Essentially, this means that future public expenditure will be constitutionally curtailed, and therefore, future expansions of the welfare state will not be possible within the existing constitutional framework.

Second, there has been a growing judicialization of politics in the Spanish state, particularly since 2010. This has been particularly marked by the use of the Constitutional Court as a *de facto* upper chamber. This process was particularly evident during the PP government of Mariano Rajoy (2011–2015). It has become clear that the Constitutional Court has been used against the Autonomous Communities that have tried to go against the central government's political choices. In the Spanish context, Autonomous Communities have had the majority of welfare state services devolved to them (health, social care, education, etc.).⁷ However, as they have limited tax-raising powers, most of their income comes from the state. This means that in a context of severe austerity, their ability to provide essential services is beyond their political will. The use of the Constitutional Court against decisions made in the Autonomous Parliaments shows a clear element of recentralization in Spanish politics.

Third, while the use of royal decrees as a way of passing controversial or urgent legislation in the Spanish Congress is neither new nor a tool used only by the PP,⁸ it has been used consistently more often than before since 2011. The Rajoy government (2011–2015) approved 33.8 per cent of its legislation by royal decrees, thereby removing any possibility of parliamentary deliberation. Considering that the PP had an absolute majority in Congress, there was no actual need to overuse royal decrees unless the aim was to remove democratic deliberation from the public sphere.

The remainder of this section will focus on two key royal decrees which have drastically changed the shape of labour relations in Spain. First is the 2010 Royal Decree Law on Urgent Measures for Reforming the Labour Market. This royal decree law, promoted by the previous Socialist government, focuses on individualized labour relations by decentralizing collective bargaining. This was a big blow to the unions, as they had won in the 1980s the ability to set up collective bargaining at the sectoral level. Considering the productive structure of Spain, the obtainment of this right was crucial. In the Spanish case, the majority of workers are employed by small or medium-sized enterprises (SMEs), hence the ability to cover non-unionized workers under broad sector-level agreements increased the structural power of trade unions. By decentralizing collective bargaining to the company level, what was being done, in reality, was the destruction of the collective bargaining protections and institutions built up over the previous 30 years. Let us review the issues raised by the royal decree law step by step. The labour reform approved by the royal decree law in June 2010 stipulated (1) the reduction of severance pay to 33 days per year of tenure for unfair dismissal (previously 45 days was the norm) for almost all new permanent contracts; (2) financing eight days of all severance payments

via a fund paid for by firms; (3) easing the criteria for ‘fair’ dismissal (which would entail 20 days’ severance payment); and (4) broadening the conditions under which firms can opt out of collective wage agreements (IMF 2010). Other reforms included revising the conditions of temporary contracts, increasing internal flexibility of firms (e.g. working hours) and opening labour intermediation more broadly to private firms.

As already mentioned, this labour reform was a direct attack on the perceived power of trade unions in Spain. It reinforced the idea that employers are hampered by a legislation that disproportionately protects workers. The uneven relationship between the employers and workers, according to the IMF staff report, was due to the high union density among permanent workers in Spain, which was linked to the view that temporary employment is high in Spain due to the high costs of dismissal. However, it appears that although high dismissal costs have been created as an imperative for reform, they may not be the key to solving the unemployment crisis. It is compelling the way in which the IMF links dismissal costs with temporary employment, particularly as both Ireland and Sweden have much lower rates of temporary workers, yet they have higher severance payments for unfair dismissals.

Spain has a large and structural unemployment problem, which poses important challenges to trade unions (Campos Lima and Martín Artiles 2011). Throughout the crisis, Spain’s unemployment rate has been more than double the EU27 rate and remained consistently above 20 per cent. The problem has worried international financial institutions for some time now, which brought about the advancement of labour market flexibilization as a solution. The Spanish labour market is characterized by what has often been termed a dual system of employment. An increasingly smaller proportion of permanent workers—who enjoy security of employment and wage increases linked to inflation—coexists with a growing majority of workers in temporary contracts.

Since the late 1980s, successive governments have attempted to deal with the perceived *rigidities* of the Spanish labour market. The first reforms led to the creation of temporary forms of employment, which have served governments well in periods of economic growth. However, in periods of crisis, unemployment spirals upwards more easily than in other countries as most temporary contracts are not renewed in such periods. Lowering permanent workers’ dismissal costs is expected to reduce incentives to use temporary contracts. High levels of temporary, short-term contracts are seen as a key weakness of the Spanish labour market, together with having wage increases linked to inflation and low productivity.

Orthodox arguments about the Spanish economy reveal a basic contradiction. While the two key problems of unemployment and low labour productivity are widely acknowledged (with varying degrees of evidence being presented), the solution offered by most politicians, international organizations and mainstream economists is to move from a labour-intensive economy to a capital-intensive one, which would clearly provoke a rise in unemployment. This is particularly so in the case of Spain, as the industries which have typically absorbed such surplus labour in Northern and Western European countries are those related to the welfare state, in other words, the caring professions. In Spain, such work is still carried out largely in the domestic sphere, therefore lacking the required level of marketization necessary to absorb the redundant labour force.

The next problem identified by the IMF was that wages are linked to inflation rather than to productivity. The reform also touched upon this issue, allowing employers to opt out of collective agreements. This is considered a significant issue by many scholars too, and low productivity is attributed to labour (Royo 2009: 448). Interestingly, little evidence is produced for such arguments. In fact, there appears to be other public policy problems that contribute to low productivity, for example, problems in the education system as well as issues of low capital investment. The real issue, however, is the avoidance of real reform. The Spanish welfare state has been built around the heavy subsidization of employment creation. Subsidies take a large share of the public money destined for reductions in unemployment. A significant amount of these funds are used to subsidize employers (over 30 per cent), and yet unemployment remains a key problem.

The second labour reform we want to consider is a more recent one, also approved by a royal decree, this time by the PP government in 2012. This labour reform should be seen as the continuation of the one in 2010; however, in 2012, the attack was far more direct on the workers as it stipulated the reduction of wages and projected an increased threat of unemployment. There were three key changes introduced by the reform which (1) allowed companies to reduce workers' salaries according to their profits, (2) increased the cases under which companies can utilize EREs,⁹ and (3) emphasized an increase in the type of apprenticeship contracts that can be created, leading to a rise in mini-jobs and zero-hours contracts.

Having considered the ways in which the disciplining of labour has taken place in the Spanish context, we will now move to see how these processes are reproduced at the firm level. We are doing so to highlight that these processes not only produce disciplining effects that target labour, but are also contested and resisted by the workers themselves. Ultimately, in tracing the interactions at the firm level, we find capital's inability to fully discipline and control labour.

TELEFÓNICA/MOVISTAR: A TALE OF PRIVATIZATION AND PREFIGURATIVE RESISTANCE

The process of privatizations in Spain consisted of a gradual divestment of public assets rather than a rapid mass sale of public companies. The first important phase of privatizations was launched by the Socialist Party government of Felipe González (1982–1996). Using the term ‘public divestment process’, the government closed small and medium-sized ‘unprofitable’ public companies, sold large industrial enterprises to transnational companies and sold block shares of large public companies, industries and financial institutions (Costas and Bel 2000: 233). This initial wave of partial privatizations was intensified under the Conservative government of José María Aznar (1996–2004). Through the Modernization Programme for the Public Business Sector (Programa de Modernización del Sector Público Empresarial), the cabinet completely privatized 43 public companies in key sectors of the Spanish economy, such as electricity, gas, oil, transport and telecommunications. This disposal of public property, which mainly affected large and profitable companies, entailed a drastic reduction in the importance of public sector enterprises in the economy and responded, at least in part, to the need to meet the convergence criteria established by the Maastricht Treaty signed in 1992 (Ortega and Sánchez 2002: 35).

In this context, the case of Telefónica is one of the most significant examples of the gradual privatization and labour disciplining processes in Spain, and it shows the crucial role that the state has played in restructuring capital–labour relations in the country over the last few decades. The company was created in 1924 under the name CTNE (Compañía Telefónica Nacional de España [Spanish National Telephone Company]), and it enjoyed a legal monopoly over telephone services in Spain until 1998 (Calvo 2010). In 1945, during Franco’s dictatorship, the Spanish government acquired 79.6 per cent of CTNE shares (Telefónica 2016), an ownership percentage that was diluted over the following decades through subsequent share capital increases. Furthermore, like many other public companies, Telefónica experienced a partial privatization in 1995 under the Socialist government, although it was not entirely privatized until 1999, when the PP government sold the remaining 20.9 per cent of shares that the state still owned (Sociedad Estatal de Participaciones Industriales 2014; Telefónica 2016). Concomitantly, and using its linguistic advantage, Telefónica began a process of international expansion into the Latin American markets (Rodríguez-Ruiz 2014).

Despite its privatization, the state maintained close ties with the company. In 1996, Juan Villalonga was appointed CEO of Telefónica, a position he held until 2000. Villalonga was proposed by the main shareholders of the company

(the banks Argentaria, Banco Bilbao and La Caixa), and with the endorsement of the Prime Minister of Spain José María Aznar, who was his schoolmate and childhood friend (Aznar 2012). This is not the only example of the political ties enjoyed by the firm, as several prominent political figures have been hired by the company or have been elected to its board of directors. These connections include Narcís Serra (member of PSOE, mayor of Barcelona 1979–1982, Minister of Defence 1982–1991 and vice president of the Spanish government 1991–1995), Javier de Paz (member of PSOE, general secretary of the Socialist Youth of Spain and member of the Executive Council of PSOE, 1984–1993), Trinidad Jiménez (member of PSOE, Minister of Health and Social Affairs 2009–2010, Minister of Foreign Affairs 2010–2011), Paloma Villa (Trinidad Jiménez’s political consultant and spouse of the Socialist politician Eduardo Madina), Rodrigo Rato (member of PP, Minister of Economy 1996–2004, vice president of the Spanish government 2003–2004 and the 9th managing director of the IMF 2004–2007), Elvira Fernández Balboa (spouse of the current Prime Minister of Spain, Mariano Rajoy), Andrea Fabra (member of the PP), José Ivan Rosa (spouse of the current vice president, Soraya Sáenz de Santamaría), Eduardo Zaplana (member of the PP, president of the government of Valencia 1995–2002 and Minister of Employment and Social Affairs 2002–2004) and Yolanda Barcina (member of the Navarrese People’s Union—a party with strong links to and recurrent coalitions with the PP—president of the government of Navarre 2011–2015). Furthermore, José Fernando Almansa (head of the Royal Household of Spain between 1993 and 2002) and Iñaki Urdangarín (member of the Royal Family and the brother-in-law of the current king of Spain) have held important positions in different international branches of the company. Similar cases of ‘revolving doors’ can be found in other privatized companies such as Endesa—for which the ex-Prime Minister José María Aznar worked as an external consultant—Repsol, Tabacalera, Argentaria or Gas Natural, the last of which included ex-Prime Minister Felipe González in its board of directors.

Before its complete privatization, Telefónica was one of the most consistently profitable public companies in Spain, with a net income of €551 million in 1994 and €1,804 million in 1999. In 1994, Telefónica employed a workforce of around 72,207 people, which made it one of the largest employers in the country (Telefónica 1994, 1999). As a result of privatization, however, the company initiated a process of workforce reduction through the launch of several consecutive dismissal programmes (EREs) and the outsourcing of key services such as sales, customer services and maintenance, which were formerly provided internally. Following the rationale of cutting labour costs, the workforce of Telefónica España was reduced within 20 years by nearly 60 per cent to 30,020 employees in 2014 (Telefónica 2014). At the

same time, this contraction of the workforce had to be compensated with the use of the services of outsourced workers, including hundreds of contractors, subcontractors and self-employed workers. The restructuring of Spanish telecommunications was by no means an isolated case but was part of a broader international pattern of privatizations, corporate downsizing and deregulation of former state-owned companies carried out in the 1980s, 1990s and early 2000s. In countries such as the United States, the United Kingdom, Ireland and Germany, telecommunication companies adopted a business model based on the separation between, on the one hand, the management and running of the network infrastructure, and on the other, the provision of services (MacKenzie 2010). In all these cases and particularly in the case of Telefónica, by extending the use of subcontracted labour, an important share of the workforce was left outside existing collective bargaining agreements. Consequently, precariousness and the lack of secure employment in the sector increased while the bargaining power of traditionally highly coordinated trade unions was undermined and diluted (Rodríguez-Ruiz 2014).

Nevertheless, the workforce of Telefónica was not only the largest in the country, but also one of the most militant. It has been argued that the dismissal programmes in the 1990s and 2000s were carried out with the acceptance of both employers and workers since they offered 'favourable exit conditions', including early retirements and relocations (Rodríguez-Ruiz 2014). However, since Telefónica employees were replaced by subcontracted workers en masse, disputes were not reduced as expected, but transferred to the outsourced companies. One of the best-known cases was the Campamento de la Esperanza (the Camp of Hope), a campsite built between January and August 2001 by around 1,500 workers of the Telefónica network installer subcontractor Sintel. The firm had been part of Telefónica until 1996, when it was sold to the US company MasTec, owned by Cuban exile and anti-Castro leader Jorge Mas Canosa. In 2000, Sintel, which employed around 1,800 people, declared bankruptcy. After six months without receiving their salary and facing the threat of a redundancy programme—the first large-scale ERE executed in Spain—Sintel workers set out their tents in Paseo de la Castellana, one of the major avenues in Madrid. The location had an enormous symbolic resonance since there is a high concentration of important public and private buildings, such as the main ministries and embassies, financial institutions and the Real Madrid football stadium. Gradually, tents were replaced by handmade cabins, electricity and water were tapped and amenities—such as bathrooms, kitchens, a library, a museum, a meeting hall and portable swimming pools—were built (Tremlett 2001). In a display of creative organizing, workers used the occupation of public space not only as a form of protest against Sintel's owners, Telefónica or the Conservative government led at the

time by José María Aznar, but also as a way of showing their technical skills to the passersby (Martínez Lucio 2011). The occupation demonstrated that the challenge produced by the lack of a fixed working location and therefore the impossibility of occupying a specific workplace and the related difficulties of coordination among workers could be overcome through a highly strategic and innovative struggle that gained great public and media recognition. Their organizational strength and the prefigurative aspects of the protest were, at that time, relatively rare within Spanish labour struggles.

After 187 days, an agreement was reached between Sintel's works council and the Spanish government, which led to the dismantling of the Camp of Hope. The deal included the reimbursement of unpaid salaries, early retirements and relocation of the majority of workers to other telecommunication companies. Years later, Sintel's former workers complained that the main points of the agreement were not only unfulfilled, but were also used as an excuse for creating new outsourced companies providing services to Telefónica. In the words of the union delegates and workers participating in the protest, 'the cause of this defeat was not the lack of will of [Sintel and Telefónica] workers, but the acceptance by trade union leaders of massive redundancies and the following outsourcing and labour precariousness that continues to this day' (quoted in Ubico 2016).

Consequently, after years promoting the atomization and territorial dispersion of the labour force, Telefónica currently hires the services of 10 different contractors—namely, Abentel, Cobra, Comfica, Cotronic, Dominion, Elecnor, Itete, Liteyca, Montelnor and Teleco—which, at the same time, receive services from more than 600 suppliers, including both subcontractors and self-employed workers. Furthermore, according to the Spanish Workers' Statute Law, companies with fewer than 50 workers are not entitled to have a works committee or to have workers' delegates if they have fewer than 10 workers, which limits workers' organizations in most of these smaller subcontractors and suppliers (Ley del Estatuto de los Trabajadores 1995, Articles 62 and 63). The law is effectively used as a means of hindering the workers' capacity of mobilization and coordination, as well as impeding the establishment of solidarity links between them. Although all these companies work directly or indirectly for Telefónica, the idea of being in competition against each other is used as a justification for reducing employees' salaries and imposing more precarious working conditions, which frequently leads to significant reductions in health and safety standards. As a member of Cotronic's workers' committee puts it, 'In qualitative terms, the precarity and contraction of [Telefónica's] labour force forces us to work from sunrise to sunset, to break the laws on labour risk prevention, and to lose fundamental rights, such as receiving overtime pay, having trade union representation in

the workplace, or being covered by the collective agreement for the metal sector' (quoted in Ubico 2016).

In 2011, Telefónica was the fifth largest operator by total customers in the world (Rodríguez-Ruiz 2015). However, despite registering a record net income of more than €10,000 million in the previous accounting period (Telefónica 2011), the company used the economic crisis as an excuse to announce a new redundancy plan that would cause the dismissal of some 20 per cent of the workforce—around 8,500 employees, a number that was later reduced to 6,500—between 2011 and 2013. Concomitantly, the company has one of the biggest pay gaps between executives and median workers in Spain. In 2014, the then CEO of the firm, César Alierta, received €550,000 per month—that is, an annual payment of €6.6 million—whereas the average salary of a permanent employee was around €2,000–2,200 per month (Comisión Nacional del Mercado de Valores 2014). The difference is even more dramatic for the contract workers (e.g. Cotronic workers receive a maximum salary of €1,480 per month), subcontracted workers (with salaries of around €800 per month) and self-employed (€700–800 per month). The situation of the latter is even more precarious given that they have to deduct the vehicle and equipment expenses, taxes and social security contributions from their earnings. A self-employed technician explains the double exploitation they face as follows:

Some years ago, being self-employed was a minority option, and only people who wanted to have more flexible schedules would choose it. However, the majority of the current self-employed are former employees of [Telefónica's] contractors. Back then, we had a company car, holidays. ... But they decided that this wasn't profitable enough, so we needed to be fired. They promised important compensations for our dismissals, and that we would keep working for them as self-employed with €2,500 per month salaries—until then, we earned €1,000 per month. We realized too late that, after discounting all the expenses and taxes we had to face, the €2,500 turned into €500. As self-employed, we had lost all labour rights. And if we wanted to negotiate with Telefónica, they told us 'you are an enterprise now!'¹⁰

In 2015, however, the increasing sense of frustration reached a turning point and Spain witnessed a wave of mobilizations comprising Telefónica's contractors, subcontractors and self-employed workers. Rallying around slogans such as 'They took so much from us that even fear was taken away' [*Nos quitaron tanto, tanto, que nos quitaron el miedo*], workers from Barcelona, Madrid, Bilbao, Seville and other Spanish cities began an indefinite strike to express their demands. The aim of the action was to denounce the deterioration of the existing working conditions, the workers' heightened sense of insecurity and their growing material needs, which were seen not only as

a direct result of the socioeconomic crisis, but also as the outcome of the firm's privatization and restructuring which started in the 1990s. This was the first strike organized by self-employed workers in Spanish history. It was able to mobilize a large number of workers precisely because they had been employed by multiple contractors and subcontractors before the beginning of the crisis, and they had thus built strong networks that ultimately were used to coordinate the actions. The campaign was known as 'The Ladders Revolution' [*Revolución de las escaleras*] in reference to the ladders used by the telecommunications technicians to install and fix telephone and Internet wires (Sanz Sabido and Price 2016). This strike action was organized and coordinated outside of the established trade unions, which were perceived as incapable of representing the workers' interests. As a workers' delegate stated:

If we ever reach any favourable agreement, it will be because of the grassroots mobilization [and] the trade union bureaucracies will be forced to accept them because of the workers' pressure. ... In Barcelona, our comrades organized protests and demonstrations in front of the trade unions' offices with the slogans 'We fight, we negotiate' and 'They don't represent us'. We are on strike in spite of the unions' manoeuvres to stop our mobilizations and to water down our demands. (quoted in Ubico 2016)

Nevertheless, conventional strike action and demonstrations were soon perceived as insufficient. Growing frustration with established channels, such as trade unions, that were traditionally used to express workers' demands led workers to combine the strike with other forms of disruptive actions and prefigurative practices. An assembly of subcontracted technicians coordinated by the grassroots trade unions CoBas (Sindicato de Comisiones de Base), AST (Alternativa Sindical de Trabajadores) and CGT (Confederación General del Trabajo) decided on direct action and occupied the Telefónica building that houses the headquarters of the Mobile World Centre, a key landmark in the heart of Barcelona. The occupation was used to attract the attention of the media, as well as to launch a campaign focused on damaging the reputation of the company's executives. Hence, the workers reproduced some of the practices and strategies developed during the Camp of Hope, together with taking advantage of the break that the 15-M cycle represented. As one participating worker explained:

We had been accumulating a certain experience on the picket lines and in direct actions, and that's what people decided to do: we decided to enter the office in order to make visible our conflict and our social movement, and also to establish a continued alliance with other social movements, which was also opened up to all those parties that wanted to participate.¹¹

The 15-M cycle of struggle had direct implications for how resistance was being perceived and organized by Spanish workers. The 15-M was a moment of rupture not just with the way the crisis was being managed in Spain, but also—and perhaps more importantly—with the established channels of political and social representation. Both trade unions and left-wing parties were the focus of vociferous criticism for having failed to provide an adequate response to the crisis. Furthermore, they were identified as also being part of the problem. The perceived lack of union opposition to the aforementioned 2010 Labour Reform (approved by the Socialist government)—despite a general strike—was seen as further evidence of the inability of the established organizations to provide a channel for resistance. The outcome has been an increased level of contention outside and within existing organizations. It could be argued that this was a positive outcome in workplaces where unionization was made difficult by structural conditions (such as the Telefónica subcontracting system), as the accumulated experience since the 15-M in community organizations and square occupations had been a great school of prefigurative action for many people, including some of the Movistar strike organizers.

Furthermore, a week before local elections were held in Spain, some candidates for mayor of Barcelona—Ada Colau from Barcelona en Comú, Alfred Bosch from *Esquerra Republicana de Catalunya* (ERC) and Maria José Lecha from *Candidatura d'Unitat Popular* (CUP), among other political leaders—entered into an agreement with the workers in which they committed not to contract services from companies that did not guarantee a maximum of 40 working hours per week, two weekly rest days and fair salaries. Thanks to this coordination with other social movements and political actors, direct negotiation was forced between the company's executives and the workers for the first time without the mediation of the established trade unions.

The case presented here shows the nexus between state disciplining, processes of privatization and the different moments of prefiguration that workers' struggles can establish. As such, it closely follows developments in Spain's authoritarian state project as well as the way in which each cycle of struggle materializes. The latest developments demonstrate that the current focus on occupying political institutions by many of the new 15-M-inspired political parties may also bring synergies with existing workers' struggles.

CONCLUSION

This chapter has focused on the effects of rising authoritarian neoliberalism on the disciplining of labour. It has done so by utilizing the Spanish case to uncover the legal and executive dynamics behind authoritarian neoliberalism and

by considering the specific ways in which labour has been under direct attack in the management of the crisis. While the Spanish case has already been highlighted in the literature as a key example of authoritarian neoliberal strategies, we have not only identified ‘the authoritarian turn’ in Spain but also focused on how it is negated, resisted and subverted by labour. The chapter has investigated labour’s relationship with authoritarian neoliberalism by tracing the process of privatization of Telefónica and the struggles this process has given birth to. Telefónica has been a useful example to explore authoritarian neoliberalism as it has provided us with a concrete nexus between authoritarianism, democracy and neoliberalism within the Spanish context. More importantly, and in line with our key argument, the case study reveals that authoritarian neoliberalism cannot be understood simply as a mode of domination but rather as the inability of the state to subdue and discipline labour. The Telefónica case demonstrates that even in the most difficult circumstances, workers find ways to resist and subvert the disciplining effects of authoritarian neoliberalism. It is in this sense that we hope that this chapter contributes to a critical political economy of emancipation rather than one focused on domination (Huke et al. 2015).

NOTES

1. See, for example, Bruff (2014) on authoritarian neoliberalism; Sandbeck and Schneider (2014) and Obendorfer (2015) for analyses of authoritarian constitutionalism.
2. See Campos Lima and Martín Artiles (2011); Koukiadaki and Kretsos (2012).
3. For more details on our conceptualization, see Clua-Losada and Horn (2014).
4. For more on the relationship between political and civil rights, see T. H. Marshall’s (1997) classic work *Citizenship and Social Class*.
5. See also the chapters by Bruff and Sotiris in this book.
6. See Radice (2014) on the implications of structural deficit.
7. Autonomous Communities are the political and administrative divisions that comprise the Spanish state and have devolved powers. There are 17 Autonomous Communities, each with its own executive and legislative branch (Autonomous Parliament). They have asymmetrically devolved powers; in other words, not all Autonomous Communities have the same level of decentralized power. However, they all have responsibility over education, health and social services.
8. For example, the last PSOE government under Zapatero’s premiership approved 56 royal decrees, which accounted for 29 per cent of approved legislation.
9. ERE (*Expedientes de Regulación de Empleo*) is a legal procedure utilized for redundancies, traditionally used when companies go bust. Under this reform, EREs can be used even in cases where the company requires only a temporary adjustment.
10. Interview with Ariel Paso, self-employed technician quoted in *La Directa*. Available at: https://directa.cat/sites/default/files/revolta_escales_suplement.pdf

11. Authors' interview with a worker, CoBas member and activist (3 November 2015).

BIBLIOGRAPHY

- Aznar JM (2012) *Memorias I*. Barcelona: Planeta.
- Bengtsson E and Ryner M (2015) The (international) political economy of falling wage shares: Situating working class agency. *New Political Economy* 20(3): 406–430.
- Bruff I (2014) The rise of authoritarian neoliberalism. *Rethinking Marxism: A Journal of Economics, Culture & Society* 26(1): 113–129.
- Calvo Á (2010) *Historia de Telefónica: 1924–1975. Primeras décadas: tecnología, economía y política*. Madrid: Ariel and Fundación Telefónica.
- Campos Lima MP and Martín Artiles A (2011) Crisis and trade union challenges in Portugal and Spain: Between general strikes and social pacts. *Transfer* 17(3): 387–402.
- Clua-Losada M and Horn L (2014) Analysing labour and the crisis: Challenges, responses and new avenues. *Global Labour Journal* 5(2): 102–113.
- Clua-Losada M (2015) Tracing the competitiveness discourse in Spain: Social dumping in disguise? In: Bernaciak M (ed) *Social Dumping: Political Catchphrase or Threat to Labour Standards?* Abingdon: Routledge, 210–225.
- Comisión Nacional del Mercado de Valores (2014) Estadísticas de Remuneraciones de los Consejeros de las sociedades cotizadas, Anexos estadísticos por sociedad. Madrid: Comisión Nacional del Mercado de Valores.
- Costas A and Bel G (1999) Privatización y posprivatización de servicios públicos: Riesgos regulatorios e impuestos ocultos. El caso de España. *CEPAL: Serie Seminarios y conferencias* 3: 231–252.
- Grahl J and Teague P (2013) Reconstructing the Eurozone: The role of EU social policy. *Cambridge Journal of Economics* 37(3): 677–692.
- Hall S (1980) Nicos Poulantzas: State, Power, Socialism. *New Left Review* 119: 60–69.
- Huke N, Clua-Losada M and Bailey DJ (2015) Disrupting the European crisis: A critical political economy of contestation, subversion and escape. *New Political Economy* 20(5): 725–751.
- IMF (2010) Spain: Staff Report for the 2010 Article IV Consultation. IMF Country Report 10/254 (July). Available at: <https://www.imf.org/external/pubs/ft/scr/2010/cr10254.pdf>
- Koukiadaki A and Kretsos L (2012) Opening Pandora's Box: The sovereign debt crisis and labour market regulation in Greece. *Industrial Law Journal* 41(3): 276–304.
- Ley del Estatuto de los Trabajadores* 1995 (Real Decreto Legislativo 1/1995) (24 March). *Boletín Oficial del Estado* 75: 9654.
- MacKenzie R (2010) Why do contingent workers join a trade union? Evidence from the Irish Telecommunications sector. *European Journal of Industrial Relations* 16(2): 153–168.

- Marshall TH (1997) *Citizenship and Social Class*. London: Pluto.
- Martínez Lucio M (2011) From action to communication? *Employee Relations* 33(6): 654–669.
- Navarro V (2006) *Bienestar Insuficiente, Democracia Incompleta*. Madrid: Anagrama.
- Oberndorfer L (2015) From new constitutionalism to authoritarian constitutionalism: New economic governance and the state of European democracy. In: Jäger J and Springler E (eds) *Asymmetric Governance and Possible Futures: Critical Political Economy and Post-Keynesian Perspectives*. Abingdon: Routledge, 186–207.
- Ortega MÁ and Sánchez MÁ (2002) La política de privatizaciones en España. *Momento Económico* 122: 32–40.
- Panitch L (1986) *Working Class Politics in Crisis: Essays on Labour and the State*. London: Verso.
- Poulantzas N (1978/2014) *State, Power, Socialism*. London: Verso.
- Pradella L (2015) The working poor in Western Europe: Labour, poverty and global capitalism. *Comparative European Politics* 13(5): 596–613.
- Radice H (2014) Enforcing austerity in Europe: The structural deficit as a policy target. *Journal of Contemporary European Studies* 22(3): 318–328.
- Rodríguez-Ruiz Ó (2015) Unions' response to corporate restructuring in Telefónica: Locked into collective bargaining? *Employee Relations* 37(1): 83–101.
- Royo S (2009) Reforms betrayed? Zapatero and continuities in economic policy. *South European Society and Politics* 14(4): 435–451.
- Sandbeck S and Schneider E (2014) From the sovereign debt crisis to authoritarian statism: Contradictions of the European state project. *New Political Economy* 19(6): 847–871.
- Sanz Sabido R and Price S (2016) The ladders revolution: Material struggle, social media and news coverage. *Critical Discourse Studies* 13(3): 247–260.
- Sociedad Estatal de Participaciones Industriales (2014) Privatisations: Period from 1996 until the present. Available at: http://www.sepi.es/default.aspx?cmd=0001&IdContainer=50&IdLanguage=_EN
- Taylor-Gooby P (2008) The new welfare state settlement in Europe. *European Societies* 10(1): 3–24.
- Telefónica (1994) *Annual Report*. Madrid: Telefónica.
- Telefónica (1999) *Annual Report*. Madrid: Telefónica.
- Telefónica (2011) *Annual Report*. Madrid: Telefónica.
- Telefónica (2014) *Annual Report*. Madrid: Telefónica.
- Telefónica (2016) History, 1924–2014. Available at: https://www.telefonica.com/en/web/about_telefonica/history
- Tremlett G (2001) Shanty town pricks Spain's conscience. *The Guardian* (28 July). Available at: <https://www.theguardian.com/world/2001/jul/28/gilestremlett>
- Ubico A (2016) 'La revolución en los sindicatos es llegar a esa masa de trabajadores sin representación'. *La Izquierda Diario* (9 April). Available at: http://www.laizquierdadiario.com/spip.php?page=movil-nota&id_article=36239